

# **FISCAL MEMORANDUM**

## **SB 782 – HB 1735**

April 27, 2007

**SUMMARY OF AMENDMENT (005988):** Deletes all language of the original bill. Pays an annual bonus of \$4,000 to any public school teacher who achieves certification to the National Board for Professional Teaching Standards. In addition, the Department of Education shall provide approved paid leave time for such teachers, pay the participation fee, and provide low interest loans to teachers of up to \$2,500.

### **FISCAL IMPACT OF ORIGINAL BILL:**

Increase State Expenditures - \$2,356,000 FY07-08  
\$3,756,000 FY08-09

### **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Increase State Expenditures - \$4,547,000 FY07-08**  
**\$5,519,000 FY08-09**

Assumptions applied to amendment:

- Last year approximately 95 of 7,191 teachers (1%) in the Memphis City school system applied for national board certification (NBC). If this ratio is used as a benchmark, it could be expected that 607 teachers (1% of 60,691) would apply for certification statewide. Based on national statistics, approximately 40% (243) of those applying achieve certification the first year (243 X \$4,000 = \$972,000).
- Currently, 232 teachers have already achieved NBC and would receive the supplement provided by this bill (232 x \$4,000 = \$928,000).
- Once the incentive is put into place, the number of applicants and the resulting number of national board certified (NBC) teachers would greatly increase after the first year of implementation. This estimate is based on actual data provided by the National Board for Professional Teaching Standards relative to increases in other states that have put a bonus in place.
- The \$1,900,000 for the bonus would recur yearly plus an additional 243 teachers (\$972,000) would be added yearly for several years. Second year costs are estimated to be \$2,872,000 for the annual bonus.

- This estimate also assumes three days preparation time for each teacher at a cost of \$70 per day for a substitute teacher ( $607 \times 3 \text{ days} \times \$70 = \$127,470$ ).
- The NBPTS participation fee of \$2,500 plus a \$65 registration fee for a maximum of 607 teachers (less the \$100,000 federal subsidy available statewide) is estimated to be \$1,456,955.
- In addition, there would be an increase in state expenditures for loans made to teachers for national certification purposes. This estimate assumes a maximum loan amount of \$2,500 with an estimated 607 teachers eligible for the loan.
- An estimated 243 teachers would receive a \$2,500 loan that would not be required to be repaid. ( $\$2,500 \times 243 \text{ teachers} = \$607,500$ )
- The remaining 364 teachers who received a \$2,500 loan would be required to repay 50% of the loan. ( $\$1,250 \times 364 \text{ teachers} = \$455,000$ )
- Year 1 estimated cost of the loan program - \$1,062,500.
- Year 1 estimated cost of the \$4,000 annual bonus - \$1,900,000 (\$928,000 teachers currently board certified; \$972,000 new teachers).
- Year 1 estimated cost of providing paid leave for teachers - \$127,500.
- Year 1 estimated cost of participation/registration fee - \$1,457,000.
- Total estimated first year cost - \$4,547,000.

## **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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